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SAMPLE CHAPTER

CHAPTER 15
THE BOARD OF DIRECTORS AND THE SHAREHOLDERS

About the Author

Deborah Hicks Midanek, founder of Solon Group Inc., is a pioneer in the corporate restructuring industry. She is well known for her turnaround expertise having diagnosed and remedied problems for over 60 corporations and facilitated the growth of nearly 30 other ventures, including her own. She was once described by the late Fletcher Byrom as a “pure thinker”—quickly gaining a deep understanding of complex problems, while exhibiting sensitivity to all parties involved and an extraordinary ability to assimilate and craft lasting solutions.

Deborah has been directly involved in much of the extraordinary innovation that has taken place on Wall Street over the last few decades, and in handling the consequences of its excesses. With solid knowledge of capital markets from all points of view and a long record of success in building and rebuilding companies from the bottom up, Deborah focuses on defining transitions as positive processes. Not interested in merely preserving companies, organizations and jobs, instead she works to drive them to levels previously unimagined. She has led turnaround teams for diverse companies including Parmalat USA, Mississippi Chemical, and FINOVA. Earlier, she served as CEO of United Companies Financial Corporation and Standard Brands Paint.

Deborah has served as director, lead director or chairman as well as committee chair (audit, compensation, governance, special independent) for public and private companies including HCC Insurance Holdings, Signature Group Holdings, MB Holdings, Phosphates Holdings, Inc., Rodman & Renshaw Group, Inc., and Tricapital, Ltd., among others. A trustee of the Committee for Economic Development since 1992, she is also on the advisory board of the family owned Biltmore Companies. Deborah chaired the board of Standard Brands Paint and American Homestar, and The Solon Funds, registered under the Investment Company Act of 1940.

She also served as de facto lead director for Drexel Burnham, deemed an inadvertent investment company, during its bankruptcy, where she organized the shareholders to achieve recognition by the bankruptcy court and restructured the incumbent board to favor independent directors. She joined Drexel Burnham to start its derivatives function, which grew to $50 billion in contracts; she then formed and led the firm’s structured products group. She is a 2011 NACD Board Leadership Fellow, the first year such designations were available.

Deborah earned her MBA from the Wharton School and an AB from Bryn Mawr College. A frequent writer and speaker on governance, strategy, and leadership, she is deeply involved in promoting entrepreneurship.

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Chapter 15
The Board of Directors and the Shareholders

Federal Reserve Board as Top Bank Regulator Sends a Loud Message to All Directors

As this book is being written a drama is unfolding at Wells Fargo & Company. Federal reserve regulators have prohibited further growth until a clean-up plan is submitted and governance issues are cleaned up. It is crystal clear from the Fed's actions that they consider the board to be in charge, and accountable. The publicity surrounding their actions should be a siren call to all directors, both independent and management, that the board must do its job as supervisor, or else consequences will follow. These actions signal that expectations for director and board performance are serious, and the seriousness of possible consequences for failure is rising.

On February 5, 2018, the *New York Times* offered an article about Wells Fargo and its penalties for poor oversight. Wells Fargo & Company got into trouble in 2016 for charging millions of customers for bank accounts they did not want and for auto insurance they did not need. The bank, repeatedly penalized by regulators since then, heard early in January, 2018, that the central bank planned stiff new penalties. The Fed's central demand: no further growth until it proved that its governance was substantially improved. The bank would not be able to increase assets above its current level of about $2 trillion, and the bank would need to submit a clean-up plan.
Wells had replaced about half of its scandal-era directors and had seated a new chairman in January 2018. The Fed allegedly wanted more change, perhaps due to their notice of public anger about the government's past practice of taking action against corporations without also holding individuals responsible. The Fed appears to have agreed to the Wells plan to replace four more directors, leaving only three directors who had been around during the misconduct.

None of us wants to be one of the directors associated with Wells Fargo's massive failure of oversight and internal control, nor to be one of those former chairmen receiving a scathing and very public letter from the mighty Federal Reserve. All of us as directors want to help the companies we serve to flourish and provide good value to customers with an attractive return to our shareholders. We need to actively embrace the many and complex and often ambiguous demands of the work of the board of directors.

The Board Serves the Corporation as Its Agent

The right to form a corporation, receive a charter, and offer limited liability to shareholders is as we have seen a privilege awarded by each jurisdiction. In the United States, it is each state that provides the power to incorporate, and their corporation statutes provide, with minor variations in language, that a corporation shall be managed by or under the direction of its board of directors. Thus it is unambiguous that the board is legally responsible for the affairs and well-being of the corporation. This board-centered model of corporate governance is not only the universal norm in American corporate law, it is also the prevailing model of corporate governance around the world.

Corporations are considered legal persons by the laws of their particular jurisdiction. While these laws vary among countries, a corporation's legal person status is a fundamental tenet in all jurisdictions and is conferred by statute. This status allows, for example, the entity to hold property in its own right without reference to any particular person. Corporate persons may also sue and be sued, and enter into contracts. It also results in the concept of perpetual existence that characterizes the modern corporation. This concept of perpetual life of the entity enlivens the specific role of its board, which is to safeguard that perpetual life as both shareholders and executive management often come and go.

The responsibility is similar to that of a parent. While the child, the corporation, is an infant, the parent, the board, carries a heavy burden of protecting the child and teaching it how to care for itself. As it grows, the parent is teaching it the tools of self-reliance, monitoring its health and safety and the development of its judgment carefully, prepared to step in at any moment should the child veer off course. While the parent may develop confidence in the ability of the growing child to care for itself, its vigilance never ends. And as with parents, the job requires active and careful discernment. There is no one size fits all handbook.

While legally persons, corporations have no ability to act on their own behalf and must rely on agents to act for them. In 1854, Lord Cranworth stated in his judgment in Aberdeen Ry v. Blaikie that: "A corporate body can only act by agents, and it is, of course, the duty of those agents so to act as best to promote the interests of the corporation whose affairs they are conducting. Such agents have duties to discharge of a fiduciary nature towards their principal. And it is a rule of universal application that no one, having such duties to discharge, shall be allowed to enter into engagements in which he has, or can have, a personal interest conflicting or which possibly may conflict, with the interests of those whom he is bound to protect... So strictly is this principle adhered to that no question is allowed to be raised as to the fairness or unfairness of the contract entered into..."

Lord Cranworth references the agents' "principal," which refers to the corporation, or the child, in my analogy. From whom do these agents, protecting their principal, take instruction, and to whom are they accountable? With a single shareholder the answer is simple: the shareholder dictates. As the number of shareholders, and thus competing or conflicting objectives and directions also grow, the question becomes more difficult to answer.

The Powers of the Board

We know that the board is legally responsible for the well-being of the corporation, which, lacking the ability to act for itself, must rely on agents to carry out whatever actions may be required. And we know that in doing so, the agents must put the corporation's well-being above their own. What do we know about who can give instruction to the board?

Until the end of the 19th century, it seems to have been generally assumed that the supreme authority over company affairs rested directly with shareholders, whose wishes were expressed in periodic general meetings to which all shareholders were invited. The board of directors was deemed to act for the company subject to the control of the shareholders.

In 1906, however, the *Court of Appeal in England and Wales* in *Automatic Self-Cleansing Filter Syndicate Co Ltd v Cuninghame* made clear that the division of powers between the board and the shareholders depended on what powers were laid out in the organizing documents required legally to form the entity: the articles of association, known as the certificate of incorporation in the US. The decision further stated that where the powers of management were vested in the board, the shareholders could not interfere with their lawful exercise. The articles were held to constitute a contract by which the shareholders had agreed that "the directors and the directors alone shall manage."

In 1935, this doctrine was further expressed in *John Shaw & Sons (Salford) Ltd v Shaw* as follows: *"*A company is an entity distinct alike from its shareholders and its directors. Some of its powers may, according to its articles, be exercised by directors, certain other powers may be reserved for the shareholders in general meeting. If powers of management are vested in the directors, they and they alone can exercise these powers. The only way in which the general body of shareholders can control the exercise of powers by the articles in the directors is by altering the articles, or, if opportunity arises under the articles, by refusing to re-elect the directors of whose actions they disapprove. They cannot themselves usurp the powers which by the articles are vested in the directors any more than the directors can usurp the powers vested by the articles in the general body of shareholders."

Shareholders in the public company, therefore, are entrusting their money to the care of agents for the corporation with little direct control. In my view, that lack of control is, among other factors, what has prompted complaints and confusion through the centuries as to what on earth the board of directors is up to now, and why are they not doing their job. Shareholders are impotent, and some do not like being in that position.

Public Company Ownership

We move next to the question of who owns the public company. The answer seems clear: its shareholders. Companies, therefore, should be managed in their interest. Yet this widely held assumption is a subject of some intense debate. Let us look further, as better understanding the arguments regarding the nature of ownership of public companies and their related governance rights has important implications for how boards and directors comport themselves.

In 1948, the Court of Appeal of England and Wales ruled that *"*shareholders are not, in the eyes of the law, part owners of the company.*"* The House of Lords strongly reaffirmed that ruling in 2003, recently echoed in the EU's 2015 Shareholder Directive. Ownership of capital, is therefore legally not the same as ownership of the company. Companies are not "owned" by their shareholders but are incorporated bodies which bring together a range of stakeholders - owners and suppliers of capital, labor, suppliers and customers.

In this version of reality, no one "owns" a public company. Public companies should instead be seen as institutions designed to facilitate a dense web of contractual relationships between management, shareholders, employees, and creditors, among others, each providing a mix of tangible and intangible assets. The EU Directive stated that "The position of shareholders is similar to that of bondholders, creditors and employees, all of whom have contractual relationships with companies, but do not own them."

This is a controversial position. Following this approach, shareholders are critically important given their role in contributing their capital to the enterprise, but as an investment for which they expect to receive a return. As such, corporations are the mechanism by which various investments and forms of labor come together to produce goods and services for profit which can be provided to shareholders as beneficiaries. Shareholders are important in this process, but they are not owners of the enterprise.

Adolf Berle and Gardiner Means eloquently phrase the issue in their enduring 1932 book *The Modern Corporation and Private Property*:

> The direction of industry by persons other than those who have ventured their wealth has raised the question of the motive force back of such direction and the effective distribution of the returns from business enterprise.
>
> . . . Such an organization of economic activity rests upon two developments, each of which has made possible an extension of the area under unified control. The factory system, the basis of the industrial revolution, brought an increasingly large number of workers directly under a single management. Then, the modern corporation, equally revolutionary in its effect, placed the wealth of innumerable individuals under the same central control. By each of these changes the power of those in control was immensely enlarged and the status of

those involved, worker or property owner, was radically changed. The independent worker who entered the factory became a wage laborer surrendering the direction of his labor to his industrial master. The property owner who invests in a modern corporation so far surrenders his wealth to those in control of the corporation that he has exchanged the position of independent owner for one in which he may become merely recipient of the wages of capital.

Though the American law makes no distinction between the private corporation and the quasi-public, the economics of the two are essentially different. The separation of ownership from control produces a condition where the interests of owner and of ultimate manager may, and often do, diverge, and where many of the checks which formerly operated to limit the use of power disappear. Size alone tends to give these giant corporations a social significance not attached to the smaller units of private enterprise.

By the use of the open market for securities, each of these corporations assumes obligations towards the investing public which transform it from a legal method clothing the rule of a few individuals into an institution at least nominally serving investors who have embarked their funds in its enterprise. New responsibilities towards the owners, the workers, the consumers, and the State thus rest upon the shoulders of those in control. In creating these new relationships, the quasi-public corporation may fairly be said to work a revolution. It has destroyed the unity that we commonly call property—has divided ownership into nominal ownership and the power formerly joined to it. Thereby the corporation has changed the nature of profit-seeking enterprise. This revolution forms the subject of the present study.

Functional Principles of the Board

Whether shareholders are owners or not, they certainly have a significant stake in the health and wealth of the corporation in which they are invested, and thus depend on its board of directors to help them realize a return on their investment. As we have seen there are various theories as to the board’s intended function, inherited as it was from the pre-corporate era. These are by no means mutually exclusive; each of them has merit and all are useful. Their relative emphasis has shifted over time, from the advisory role expected during the postwar period to the supervisory role we see prevalent today. A brief discussion of the range of roles is summarized below.

Political Legitimacy. This theory suggests that the existence of the board as a group functioning between management and shareholders helped reduce fears of legislatures when asked to enact general incorporation statutes that provided for unelected, unaccountable managers to control the corporation’s prospective economic power.

The unifying theme behind medieval parliaments, town councils, guild councils, councils of the Church, and the boards of the trading companies is that they provided the means to comply with the long standing common law principle first seen in Roman law and later repeatedly cited in the Magna Carta and elsewhere that "what touches all shall be consented to by all.” This

concept has been critical in circumstances when consent by assembly of the entire group was impractical. This reflects the notion that legitimate authority requires consent, regardless of the impact of consent on the quality of decisions and governance.

Central Management. As the number of shareholders grows, the need for centralized decision making regarding allocation of corporate resources as well as acceptance if risk becomes increasingly necessary, especially when shareholder interests are trading and investment horizons vary. Similarly, management may benefit from the checks and balances of an independent body responsible for long-term health so it is not buffeted by possibly conflicting and inconsistent demands of disparate shareholders.

Group Decision Making. Stephen Bainbridge in his book *Why a Board?* moves beyond the need for central management in asking why corporate law calls for a board, rather than just a chief executive officer, to be at the apex of the corporation's management. He points to behavioral psychology studies which suggest that groups, such as corporate boards, often produce better decisions than do single individuals when it comes to matters of judgment.

Mediating Claims to Distributions. A different explanation for the use of corporate boards focuses on the need to mediate competing claims of those who have an interest in distributions from the corporation.

Continuity. Another rationale is that the inclusion of multiple parties on the board may have been viewed as a simple mechanism to ensure the ongoing life of the corporation in the event that the chief executive vacates the office, is removed, or dies.

Monitoring of Management. A further argument for the board-centered model of corporate governance holds that boards elected by shareholders exist as a necessary tool to monitor corporate management. Typically, this view starts with the assumption that corporate hierarchy exists to gain the advantage of team production, while minimizing the corporation's agency costs (i.e. shirking and disloyalty) by having higher-level agents monitor lower-level agents. The problem becomes, however, who monitors the highest-level monitors, and on whose behalf.

The traditional economics answer is that the shareholders, as the residual claimants, have the best incentives to monitor the highest-level agents of the corporation. The monitoring rationale supports the rationale that the shareholders should elect the board and the board should appoint the senior executives. It also may contribute to the confusion of the those who believe that the board is intended to be the agent of the shareholders.

Accountability of the Board

The role of the board becomes more complex when we consider it in terms of its goal. What are the markers of its success? You may feel quite comfortable saying that its purpose is to maximize shareholder value, which may seem correct given that shareholders elect directors and have, as we have established, very little further say on what goes on thereafter. Though this shorthand is familiar and maybe even generally accepted, as far as I can see there is little basis for it in the law, though a good many court decisions seem to support it.

Defining Board Success

Two general theories as to the goal of the board have been debated for decades, as corporations have become such enormous factors in industrialized economies. These are often presented as mutually exclusive: the board's purpose is to maximize shareholder value, which is often linked to focus on current share price, versus its purpose is to build a healthy enterprise sustainable over the long term. To my mind as a director, maximizing shareholder value sounds clean and clear until you consider the path to achieving it. Maximize in what time frame, for which shareholders, compared to what standard to enable us to believe we have maximized? A trader's idea of value is different and even opposed to that of a shareholder who plans to hold their shares indefinitely. Its use in conversation can be a showstopper.

Taken to its extreme, maximizing shareholder value can be considered to be at odds with the director's fiduciary duty, which is owed not to the shareholders but to the enterprise. To my mind, working to make the enterprise healthy, profitable and sustainable is the best path to ensuring that the enterprise is delivering value to shareholders, which *can* be considered to be maximizing return to shareholders. In short, in my view boards of directors are charged with developing and sustaining corporate enterprise value.

Years ago, while serving as chairman of a recently reorganized company, the company received a windfall tax refund. A great majority of the shareholders wanted that money distributed to them, as they, former creditors, saw that money as owed to them. The company's position was that the funds were needed to rebuild the enterprise weakened by the reorganization process and a cyclical downturn.

As chairman, I offered to call a special shareholder meeting or to discuss with them the situation if they would sign confidentiality agreements. Accepting neither offer, they instead sued for breach of fiduciary duty and lost. Sometime later, they apologized to me, saying they had simply not understood the legal realities. My view was that my duty to them was owed through building a profitable enterprise; they thought that as the majority of shareholders they could direct me to distribute the money.

This debate may seem academic, but following the financial meltdown of 2008, the earlier major corporate collapses and enactment of Sarbanes Oxley and later Dodd Frank, focus on corporate governance mechanisms and effectiveness has been broad and intense. Various initiatives that attempt to clarify expectations have brought forth both discussion of the corporate purpose and various agreed principles. There is also continuing disagreement.

We need as a society and as directors and investors to address these concerns as anti-business rumblings are deep and wide. To quote a January 2011, *Harvard Business Review* article called "Shared Value" by Harvard Professor Michael E. Porter and Mark R. Kramer: "The capitalist system is under siege. In recent years business increasingly has been viewed as a major cause of social, environmental, and economic problems. Companies are widely perceived to be prospering at the expense of their communities. Trust in business has fallen to new lows, leading government to set policies that undermine competitiveness and sap economic growth. Business is trapped in a vicious cycle. A big part of the problem lies with companies themselves, which remain trapped in an outdated approach to value creation. Focused on optimizing short term financial performance, they overlook the greatest unmet needs in the market as well as broader influences on their long-term success."

The Purpose of the Corporation Project

There is sufficient concern across various jurisdictions and professional roles that The Purpose of the Corporation Project has gained significant attention. Led by law firm Frank Bold from the Czech Republic, The Purpose of the Corporation Project, provides a strategic, open-source platform for those interested in promoting the long-term health and sustainability of publicly listed companies. The Project has held a series of roundtable discussions around the world, and published the results in *Corporate Governance for a Changing World: Report of a Global Roundtable Series.*

Their rallying cry, as laid out in the Frank Bold Concept Note describing the project, is compelling, and has led to a series of governance roundtables around the world.

> We are at a moment in history when we need our corporate businesses more than ever to help us cope with the unprecedented challenges ahead. Many corporations have a greater turnover than the GDP of most countries. 500 corporations control about seventy percent of world trade and each year approximately 3 million new limited liability companies are registered. Therefore, the way these corporations are managed can affect the potential for either positive or negative change.
>
> The maximizing shareholder value theory that came to dominate our thinking and policy-making over the preceding decades has contributed to the recent financial crises. It has been blamed for some of the worst excesses in corporate behavior, externalization of costs, and growing inequality. Academics are now broadly questioning the basic tenets upon which it was built. Policy makers are alive to one of its manifestations, short-termism, and are seeking ways to mitigate that type of thinking. A problem in that regard is that they often simply seek to fix the

> problem by deploying solutions which serve to further entrench shareholder primacy and in turn facilitate capital markets' pressure on companies. They never think to ask the fundamental question: "Does this paradigm actually work?"
>
> There is now ample evidence that the maximizing shareholder value paradigm is flawed economically, legally and socially. What is lacking is a platform for the development of a coherent vision for a new paradigm of corporate governance which will be more beneficial for society than the present one but which will still allow corporations to remain profitable and provide jobs and innovative solutions to society's growing needs. In order for such a beneficial paradigm shift to occur there must be a collaboration between academics across a number of disciplines, business leaders, policy makers and civil society.

These words are both ominous and inspiring; ominous in that they suggest that pressure may see further change coming from government, and inspiring in that there may be an opportunity for business and directors to heed these words and refocus their efforts on more than shareholder value as reflected in immediate stock price alone.

As we saw in Part I, for the first 200 years of the existence of the corporate form, corporate charters were approved by government for the purpose of activity that was deemed to be in the public interest, as well as private. Once the use of the corporate form was established and available without government approval specific to the circumstances, you may recall that such charters were limited in life and other restrictions applied.

Short Termism Really Is a Problem

While it can seem heretical to argue with proponents of the maximizing shareholder value mantra that it is counterproductive and often not in shareholders' best interest to run the company that way, the impact of short term focus is clearly damaging. The damage, however, is difficult to measure.

Some commentators link pervasive short termism to the acceptance of maximizing shareholder value as the board and management's focus, a concept that as we have seen took root in the 1970s. As stated above it is difficult analytically to define what maximizing shareholder value means, so we default to the simplest measures: the current stock price, and quarterly earnings trends. The 2008 financial crisis, like the Great Depression and World War II before it, defines important before and after timeframes. Scrutiny of its causes has been significant, and many look to the short termism as the culprit.

In his October, 2015, Harvard Business Review article "Yes, Short-Termism Really Is a Problem" Roger Martin describes the difficulty of measuring the effect of short termism. He points out that it is not easy to isolate specific causes of results; in his words it is "much more likely that a whole lot of x's combine to cause y and a bunch of other stuff."

He traces the inputs to output back to examine the behaviors of actors in the system to infer their likeliest impact. Results produced by businesses will be a function of the decisions made

by executives, and if those decisions do not focus on the long term, it seems reasonable to expect long-term performance of business will suffer.

Several studies help us to see this effect. In one study, John Graham, Campbell Harvey, and Shiva Rajgopal interviewed 400 CFOs of large US public companies. Almost 80% of them said that they would sacrifice economic value in order to meet that quarter's earnings expectations. Though in reality it may be that all respondents would do it, it was remarkable that 80% would actually admit it. Executives might reasonably be expected to avoid any answer that would identify them with that unsavory activity called earnings manipulation.

The second and third studies are linked. Research into the extraordinary rise of corporate buybacks by Bill Lazonick demonstrates that a disproportionate share of corporate earnings are being dedicated to repurchasing company stock rather than investing in future growth. Maybe not an unreasonable action in certain market conditions. A University of Illinois study, however, shows that a large share of buybacks occur when a corporation would miss its earnings per share target if not for the effect of the buyback. And the research in general demonstrates that buybacks do boost share price in the short term. So buybacks, plain and simple, are a tool for boosting short-term performance, regardless of their impact over the long haul.

We believe that executives want to ensure that their companies do as well as possible in the long run. They believe, however, that the capital markets place unproductive constraints on them. According to Martin, they are constantly assessing how much they can invest in the long term before Wall Street makes their lives so miserable that their ability to manage productively at all is at risk. For stronger companies, they can invest nearly all that we would wish them to. But CEOs already under pressure, especially from activists, can invest almost nothing at all.

The current focus of research analysts on organic growth continues the relentless demand for profit growth this quarter and every quarter. Companies respond by underinvesting in long-term growth and buying back stock. For many, buybacks are an explicit, ongoing part of their EPS growth formula, which may include, for example, 5% from organic growth, plus 3% from acquisitions, plus 2% from stock buybacks to arrive at the desired double-digit EPS growth. Then the markets hammer their companies for low top-line growth, telling executives that they won't be able to maintain profit growth without revenue growth. This is hardly a surprise as we reap what we sow — except for hedge funds, which will just swarm unhampered by fiduciary care as they descend like locusts onto the next company they destroy.

Martin offers a compelling analogy. As Malcolm Gladwell pointed out in his piece about concussions and chronic traumatic encephalopathy (CTE) in football, when clever interested parties employ lack of definitive scientific evidence as their defense, they can keep the gravy train going for a long, long time. Coal-mining companies did this to stave off concerns about black lung for half a century. Tobacco companies did it to ignore concerns about lung cancer for decades.

Despite unclear scientific data, if you were a coal miner's wife or the husband of a two-pack-a-day smoker, you would not need definitive scientific evidence. You could see the damage with your own eyes. Yes, we see it with our own eyes. Short-termism is chronic, pervasive, damaging, and a problem.

Read More

Porter, Michael E. and Kramer, Mark R., 2011. "Shared Value," *Harvard Business Review*, January.

Martin, Roger, 2015. "Yes, Short-Termism Really Is a Problem," *Harvard Business Review*, October.

Veldman, Jeroen, Gregor, Filip, and Morrow, Paih, 2015. *Corporate Governance for a Changing World: Report of a Global Roundtable Series*, Purpose of the Corporation Project.

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Boards of directors are sitting ducks. Shareholders complain and even attack, management manipulates, and individual board members have little power, able to act only as part of the board as a whole. Governance issues are front and center, yet there is often little understanding, even among board members, of the key role that they play.

Written in an accessible and human voice, *The Governance Revolution: What Every Board Member Needs to Know Now* provides information and context essential to anyone seeking to understand how corporations and their stewards—the board of directors—can and should function in the volatile world we inhabit.

Deborah Hicks Midanek offers useful insight into what board members of corporations actually do, the current standards for board members and why they exist. She includes a timely discussion of how clarity of purpose can improve board and director effectiveness. Informed by her long experience serving public, private, and family owned corporate boards as well as those of charitable, and government organizations, she provides essential context regarding the evolution of board practice as well as candid discussion of the issues involved in the relentless effort to improve corporate governance processes. Focused mainly on the dominant public corporation, she also explores the special challenges of serving private and family owned as well as nonprofit and public agency boards.

Written by a seasoned board member, and liberally laced with stories and cases illustrating the tricky issues directors wrestle with, this book is the essential common-sense companion for anyone working with a board, serving on a board, or wanting to do so. Directors, aspiring directors, investors, and students of corporate behavior will benefit from this highly readable description of the cloistered boardroom.

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